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AUTHOR	Beaudin, Bart
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ABSTRACT

This fact sheet provides an overview of the employment situation facing older adults. Statistics (Harris 1974 and 1979) are presented on the number of older Americans who are working, volunteering, or have an interest in working or volunteering; the attitudes of employers and employees about retirement and about working after age 65; and the demographic shifts in the composition of the work force. Current employment and pension policies which are causing a decline in the labor force participation of older persons are described including mandatory retirement, Employment Retirement Income Security Act (ERISA) regulations, and Social Security limitations. Forces which are slowing or reversing this decline are also described. Fourteen specific recommendations for age-neutral personnel policies are presented. The recommendations are organized into four categories: (1) hiring and separation; (2) pay and benefits; (3) assessment and counseling; and (4) training and development. This fact sheet includes a bibliography of eight resources, four of which are available from the Educational Resources Information Center (ERIC) system. (DC)

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Employment and Older Adults.
OVERVIEW: ERIC Fact Sheet No. 18.

by

Bart Beaudin

ERIC Clearinghouse on Adult,
Career, and Vocational Education

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ERIC OVERVIEW

FACT SHEET No. 18

Clearinghouse on Adult, Career, and Vocational Education

EMPLOYMENT AND OLDER ADULTS

Between 1900 and 1980 the life expectancy of Americans increased more than 40 percent. Working life has lengthened, but so have the number of years spent in education and retirement. The next twenty years will bring further increases. However, instead of relegating education to the primary years, work to the middle years, and retirement/leisure to the later years, Americans will intersperse periods of education and periods of retirement/leisure at several junctures in the course of one or more careers.

Older Workers: Present Facts

For anyone who may doubt that older people are interested and participating in some kind of role in the work force, *Older Americans: An Untapped Resource* (National Committee 1979) cites the findings of the Harris studies of 1974 and 1979. The first Harris study in 1974 found that of the 21 million Americans aged sixty-five and older–

- 9 million were 75 years and older;
- 2.8 of those 65 years and older (including 1 million who were 70 years and older) were working;
- 4 million people 65 years and older (3 out of 10 in this age group) who were not working said they wanted to work;
- 4.5 million people 65 years and older were working as volunteers, and
- another 2.1 people 65 years and older who were not working said they were interested in volunteer service.

Moreover, the 1979 Harris study found that–

- 88 percent of current employees and 67 percent of the business executives surveyed felt that nobody should be forced to retire because of age;
- 51 percent of the employees surveyed wanted to continue working in some capacity rather than retire;
- 48 percent in the age group 50-64 wished to continue working after age 65;
- 46 percent of those already retired would prefer to be working; and
- 53 percent of those retired wished they had never quit.

Changing Work Force. Profound demographic shifts are pushing the average age of the population and the work force upward. According to the U.S. Census Bureau, the population aged 65 and over will increase steadily from 24 million in 1978 to more than 29 million by 1990. The 55-64 group will rise from 20.7 million in 1978 to 21.7 million in 1985, then settle back to 20.8 million in 1990. By contrast, the number of new entrants into the labor force, as measured by the population aged 18-24, is expected to decline from 29 million to 25 million. These broad demographic forces have implications for the employer. First, the national trends are likely to have a practical impact on the workers hired by each employer. Second, the age distribution within each firm may vary considerably from the national trends in ways that matter to the firm. An employer may wish to evaluate not only the demographics of his or her own work force, but also the age characteristics of various departments, divisions, or occupational groups, as well as the intentions, plans, and preferences of older employees concerning extended working life and retirement.

Characteristics of Older People. Advances in health and medical care have lengthened the overall lifespan by 14 percent in recent years. It is known, too, that each person ages differently–at a different pace and in different ways. It is true that aging brings on certain changes that affect working life: changes in motor facility, life outlook, and job expectation. On the other hand, recent studies show that neither intelligence nor learning capacity begins to deteriorate until at least age 70.

Social Forces. Work will continue to be central to the maintenance of self-esteem and will become an increasingly important source of interpersonal satisfaction. Unfortunately, there has been a decline in labor-force participation of older workers that can be partially attributed to public policies. The following are among the existing employment and pension policies discouraging older workers from staying on the job:

- Mandatory retirement at age 70. A recent U.S. Labor Department report indicates that eliminating this would stimulate jobs for more than 400,000 workers over 60.
- Regulations under the Employment Retirement Income Security Act (ERISA) that permit employers to stop the accrual of pension benefits for workers over 65. Without the accrual of pension benefits, many older workers feel there is little to be gained by staying on the job.
- ERISA regulations that allow the payment of pension benefits to be stopped if a retired employee returns to work.
- The earnings limitation under Social Security that prohibits persons over 65 from collecting benefits if they earn more than $5,500 per year. While this does not apply to people over the age of 72, it is a serious disincentive for those between 65 and that age.

Fortunately, the decline in labor force participation of older workers is beginning to slow. The Bureau of Labor Statistics has projected a continued decline in the proportion of older people who stay on the job. However, a number of forces are emerging that are slowing or reversing this decline.

- A recognition by employers of the need to retain older workers to take advantage of their experience.
- A greater use of flexible hours and part-time work makes jobs more attractive to older people.
- The Older Americans Act Amendments of 1981 (S. 1086) requires the U.S. Department of Labor to develop training and placement programs to place older workers in the private sector.

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Age-Neutral Personnel Policies for a Changing Work Force

Employers in the 1980s will have millions of older workers on their payrolls. They will want to deal with those workers in ways that enhance both productivity and the quality of working life. That will necessitate rethinking and reshaping present policies and practices with a view of making the workplace better not only for older workers, but for the entire work force. A few categorical recommendations are suggested.

Hiring and Separation

- Firms should review their personnel policies to ensure that they are consonant with modern working-life potential which has been recognized as being longer than previously thought. Because of the extension of the working life, hiring decisions about people 50 and over should be made in terms of personnel practice that formerly applied to people under age 45.
- Employers should try to design a variety of jobs and work arrangements for older people. Full-time jobs that are too strenuous for older workers can be brought within the capability of older job applicants by means of different kinds of job structures and work schedules—such as part-time work, job sharing, flexible work arrangements, or flexitime.
- Separation should be clearly related to performance, job description, performance criteria, and agreed-upon procedures for rating and ranking employees.

Pay and Benefits

- Companies should reexamine pay and benefit policies in relation to the aging work force and the probable extension of working life, to ensure that senior employees are motivated to sustain productivity throughout their careers.
- Efforts should be made to develop more flexible packages of benefits that are compatible with the law, company practices, and employee needs.

Assessment and Counseling

- Performance appraisal systems should be age-neutral and three-dimensional. One dimension measures what has been accomplished in the past; another measures the worker's job satisfaction, skills, and work-related aspirations; the third sets plans, benchmarks, and expected results by which to measure future performance.
- Companies should offer a fuller range of career counseling and career development planning, possibly including the use of outside professional services.
- Preretirement programs that provide a comprehensive treatment of financial planning and personal assessment should be provided.

Training and Development

- Consideration should be given to lateral assignments, job redesign, and greater opportunity for employees to gain alternative experience or training.
- Companies should develop a planning perspective whereby they view their employees as human resources whose regular assessment, enrichment, renewal, and modernization will benefit all concerned.
- As employees climb the ladder of professional or managerial posts, training should keep pace with their needs.
- When employers are hiring for a new site, they should seek a balance between older and younger employees.
- Companies should increase their flexibility to recall retirees on a consulting or temporary basis.
- Employers should assist employees who want to start a second career. In many cases, it may be cheaper—and better for morale—for the firm to provide such assistance than to continue paying the salary of an employee who is not satisfied.

Older Workers: Future Trends

The mobility of older workers is severely hampered by the inefficiency of the labor market and the difficulty of acquiring new skills. Increasing the mobility of these workers would enlarge the talent pool available to all employers. Some directions for the future are suggested by exemplary projects. *Young Programs for Older Workers* (Jacobson 1980) describes 69 representative case studies of progressive personnel programs. The book is organized into six sections dealing with new work arrangements, reentry workers, secondary schools, redeployment, hiring older workers and annuitants, and assessing and advising them. Activities such as these, as well as other progressive practices, may well become the standard personnel practices of tomorrow.

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This Fact Sheet was developed by Bart Beaudin, ERIC Clearinghouse on Adult, Career, and Vocational Education.